

COMMITTEE ON GOVERNMENT REFORM
SUBCOMMITTEE ON GOVERNMENT EFFICIENCY AND FINANCIAL MANAGEMENT
TODD PLATTS, CHAIRMAN



MEDIA ADVISORY

For Immediate Release
June 16, 2003

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What Are We Doing to Improve the Way Uncle Sam Collects His I.O.U.'s?

What: **Government Reform Committee Oversight Hearing:**
"Federal Debt Management – Are Agencies Using Collection Tools Effectively?"

When: **Tuesday, June 17, 2003, 2:00 p.m.**

Where: **Room 2154, Rayburn House Office Building**

The U.S. Government is owed more than \$180 billion in non-tax debt, according to the Treasury Department.

Tomorrow, the Subcommittee on Government Efficiency and Financial Management will hold the latest in a series of hearings held during this and the previous Congress as part of continuing oversight for implementation of the Debt Collection Improvement Act of 1996 (DCIA). DCIA amended the Debt Collection Act of 1982 and made sweeping reforms to the way Federal agencies manage debt. One provision of DCIA requires Federal agencies to refer debts more than 180 days past due to the Treasury Department for collection. The program is administered by the Financial Management Service (FMS).

In particular, the hearing will focus on challenges and successes at the Department of Veterans Affairs (VA) and the Department of Education. Since implementation of DCIA, VA has improved its debt collection practices; for example, increasing its referrals to the FMS Treasury Offset Program from 75% of eligible debt in 1999 to 97% in 2002. At the Department of Education, debt collection is particularly important. As of September 30, 2002, Education reported over \$22 billion in delinquent debt (primarily in student loan defaults) – more than any other Federal agency. Education has made great strides in debt management, employing a range

of tools including administrative wage garnishment and contracts with private collection agencies. The hearing will examine what progress these and other agencies have made during the past year in using the many debt-collection tools that the Act provides, and what results they have achieved. Testimony is expected from the Financial Management Service, Department of Veterans Affairs, and Department of Education's Student Aid Office. A representative from the National Consumer Law Center is also expected to testify.

Witnesses:

Richard L. Gregg, Commissioner
Financial Management Service, Department of the Treasury

The Hon. William H. Campbell, Assistant Secretary for Management
Department of Veterans Affairs

Theresa S. Shaw, Chief Operating Officer for Federal Student Aid
Department of Education

Deanne Loonin, Staff Attorney
National Consumer Law Center

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